

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 EUR-12 ISO-00 FTC-01 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 H-02 JUSE-00 SEC-01 DODE-00

PA-01 PRS-01 OES-06 /103 W

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R 241535Z MAY 76

FM AMEMBASSY YAOUNDE

TO SECSTATE WASHDC 8585

INFO AMEMBASSY NAIROBI

USMISSION OECD PARIS

AMCONSUL DOUALA BY POUCH

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E.O. 11652: NA

TAGS: PGOV, PFOR, UN, ECOSOC, UNCTAD

SUBJECT: US PROPOSAL FOR INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS

REF: STATE 104346

1. SUMMARY. GURC OFFICIAL SUPPORTS BASIC OBJECTIVES OF US PROPOSAL TO ECOSOC, BUT SAYS IT MUST BE PART OF OVERALL PACKAGE OR CODE OF CONDUCT CONTROLLING TNCS RATHER THAN SEPARATE AGREEMENT.

2. EMBOFF MET DIRECTOR INTERNATIONAL ORGANIZATIONS LUCAS NKWETA ZAA (GURC REP TO CIEC) MAY 19 CONCERNING US ECOSOC PROPOSAL. ALTHOUGH NOTE HAD BEEN SUBMITTED 12 DAYS IN ADVANCE, GURC HAD NOT YET FOCUSED ON SUBJECT AND NKWETA ZAA WAS NOT ABLE TO GIVE GURC POSITION. HE DID, HOWEVER, OFFER HIS QUOTE PERSONAL COMMENTS UNQUOTE CONCERNING THE US PROPOSAL AND THE PROBLEM

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OF TRANSNATIONAL CORPORATIONS (TNCS) IN GENERAL.

3. NDWETA ZAA WAS RELUCTANT SUPPORT US DESIRE OBTAIN SEPARATE INTERNATIONAL AGREEMENT CONCERNING ILLICIT PAYMENTS. WHILE HE AGREED US POSITION ON NEED REGULATION AS EXPRESSED IN PROPOSAL, HE FELT SUCH AGREEMENT SHOULD BE PART OF OVERALL AGREEMENT (CODE OF CONDUCT) GOVERNING TNC'S' ACTIVITIES. HE EMPHASIZED OFFICIALS GUILTY TAKING BRIBES IN CAMEROON PUNISHED ACCORDANCE CAMEROONIAN LAW. PROBLEM NOT PUNISHING LOCAL OFFICIALS OR AGENTS, BUT CONTROLLING TNC'S' ACTIVITIES. HE FELT PROBLEM OF LDCS WAS INABILITY BRING SUFFICIENT PRESSURE ON TNC'S TO PREVENT VARIETY MALPRACTICES INCLUDING BRIBERY, ETC. IN HIS OPINION, UNDER PRESENT CIRCUMSTANCES, IF HIS OR OTHER GOVERNMENTS TAKE ACTION AGAINST TNC AS A RESULT OF ILLICIT PAYMENTS, TNC CAN DENY CHARGES AND ACCUSE HOST GOVERNMENT OF USING CHARGES AS SCREEN FOR ARBITRARY ACTIONS AGAINST TCN. ILLICIT PAYMENTS PROBLEM IS ONLY ONE OF VARIETY OF DIFFICULTIES FACED BY LDCS IN CONTROLLING TNC ACTIVITIES AND SHOULD BE INTEGRATED INTO OVERALL AGREEMENT (CODE).

4. IN DISCUSSION OF PROBLEMS OF CONTROL TNC'S, HE CITED NEED FOR INSTITUTIONALIZED MEANS FOR REGULATING TNC-LDC RELATIONS ON PROBLEMS SUCH AS ILLICIT PAYMENTS, TECHNOLOGY TRANSFER, RESTRAINT OF TRADE, ETC. HE CITED NATIONALIZATIONS AS ONLY LDC WEAPON, OBSERVING IT WAS NOT GOOD ONE AND INEVITABLY BROUGHT MORE PROBLEMS. INSTITUTIONS SUCH AS REGIONAL CLEARING HOUSES WOULD PROVIDE LDC WITH MORE EFFECTIVE CONTROL OVER TNC ACTIVITY AND WOULD PROVIDE TNC FOREIGN INVESTMENT WITH MORE SECUTIY. INSTITUTIONS SUCH AS REGIONAL CLEARING HOUSES CAPABLE MONITORING ACTIVITIES UNDER CODE OF CONDUCT WOULD THUS PROVIDE BETTER ENVIRONMENT FOR EVERYONE.

5. ASKED HIS OPINION OF SECRETARY'S IRB PROPOSAL, HE SAID IT WAS WORTH SERIOUS STUDY, BUT ONLY DEALT WITH PART OF PROBLEM. IT WOULD HAVE TO BE INTEGRATED INTO OVERALL AGREEMENT OR SERIES AGREEMENTS ESTABLISHING GUIDELINES FOR LDC-TNC RELATIONSHIPS.

6. COMMENT: NKWETA ZAA'S EMPHASIS THROUGHOUT CONVERSATION LIMITED OFFICIAL USE

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WAS ON RELATIVE WEAKNESS OF LDCS WHEN DEALING WITH TNC'S, AND NEED FOR AGREEMENT (CODE OF CONDUCT) OR SERIES AGREEMENTS WHICH WOULD GIVE LDCS GREATER CONTROL OVER VARIETY OF TNC ACTIVITIES. HE SEEMED WILLING STUDY VARIOUS US PROPOSALS, BUT WAS FIRMLY COMMITTED LDC PROPOSALS FOR INTEGRATED APPROACHES VARIOUS PROBLEMS. HE APPEARED WILLING ACCEPT PRINCIPLE US AND OTHER DCS EFFORTS NEEDED TO PROTECT THEIR INTERESTS, BUT HE MAINTAINED THIS COULD ONLY BE

ACCOMPLISHED THROUGH INTEGRATED PROGRAM WHICH INCLUDED
LDC PROPOSALS MADE VARIOUS INTERNATIONAL FORA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, AGREEMENTS, POLICIES, AGREEMENT DRAFT, INTERNATIONAL LAW
Control Number: n/a
Copy: SINGLE
Draft Date: 24 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976YAOUND01825
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760201-0918
From: YAOUNDE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760518/aaaaaqas.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 104346
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by ElyME>; APPROVED <27 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US PROPOSAL FOR INTERNATIONAL AGREEMENT ON ILLICIT PAYMENTS
TAGS: PGOV, PFOR, US, CM, UN, ECOSOC, UNCTAD, TRANSNATIONAL CORPORATIONS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006